

## TA COMPLETION REPORT

**Division: PEED**

<b>TA NO./NAME:</b>  TA No. 2133-PRC: Developing the Performance Evaluation Capability of the People's Bank of China (PBC)					<b>TA AMOUNT APPROVED:</b> \$100,000	<b>SOURCE:</b>  TASF
					<b>REVISED AMOUNT:</b> —	
<b>EXECUTING AGENCY:</b>  PBC					<b>TA AMOUNT UNDISB.:</b> \$10,993	<b>TA AMOUNT UTILIZED:</b> \$89,007 <sup>1</sup>
<b>DATE:</b> 02 Dec 1997	<b>APPROVAL:</b> 09 Aug 1994	<b>SIGNING:</b> No Agreement	<b>FIELD:</b> January 1995	<b>CLOSING</b>	<b>ORIGINAL:</b> January 1996	<b>ACTUAL:</b> October 1997

### BACKGROUND/RATIONALE

The People's Bank of China (PBC) is the official counterpart agency for all Bank activities in the country. Within PBC, the International Department is involved in the project programming, processing, administration, monitoring and evaluation of Bank assisted projects. At the time of TA formulation in 1994, the Bank had extended 32 project loans and 132 TA grants to the People's Republic of China (PRC) and of the eight project loans completed, two had been postevaluated. As postevaluation of projects was then a relatively new activity in PRC, there was an urgent need to assist PBC to strengthen its project performance evaluation capabilities.

### TA OBJECTIVES AND SCOPE

The objectives of the TA were to: (i) develop the project performance monitoring and evaluation capability of PBC; (ii) sensitize officials in concerned line ministries and Government agencies about the importance of project performance evaluation as a management and planning tool; and (iii) enable PBC to provide timely feedback of project performance evaluation results and findings to key policy makers and project planners in the PRC and to the Bank. The scope of the TA included: (i) establishment of an evaluation unit within PBC for conducting performance evaluation of programs/projects; (ii) formulation of appropriate performance evaluation methodologies, techniques and procedures, and preparation of operational guidelines and postevaluation manuals; (iii) development of a computerized Post-Evaluation Information System (PEIS); and (iv) provision of training to PBC staff and Government officials on performance monitoring and evaluation methodologies, techniques, and procedures.

### TA INPUTS EVALUATION

The TA was designed and formulated with strong support from PBC to meet its organizational needs. PBC was the executing agency (EA). One international consultant (1 person-month) and one domestic consultant (3 person-months) were provided to assist in the TA implementation. TA's terms of reference (TOR) were clear, comprehensive and consistent with its objectives. However, the TOR's recommendation to set-up an evaluation unit within PBC was replaced by a study to recommend suitable performance evaluation systems for PRC. This flexible approach adopted by PBC and the Bank contributed to the smooth implementation of the TA. Both the consultants effectively delivered their services and their performance was generally satisfactory. The training seminars were conducted smoothly with active support from PBC. Bank provided advice and assistance in setting up a PEIS in PBC as well as on-the job training for PBC staff. During the initial stage of TA implementation, minor inception problems (such as conflict of ideas between consultants and EA on setting up an evaluation unit as required by TOR as well as the procedural requirements for the international consultant to access information and documents from the EA) were experienced but were quickly resolved. Bank provided adequate supervision through office support and two review missions during the TA implementation. While the bulk of TA activities were completed on time, the hands-on training on project performance evaluation was delayed because of the limited number of completed Bank-financed projects in PRC that were available for postevaluation in which the trainees could participate. The trainees were able to participate in the postevaluation of Shanxi-Xiaolin Railway Project (Loan No. 948-PRC) in mid-1997.

<sup>1</sup> Inclusive of \$2,393 in cash advance (for training-related activities undertaken in 1997) which is currently under the process of liquidation. The amount will be finalized by Controllers' Department in due course.

## **TA OUTPUTS EVALUATION**

A total of 59 Senior officials from PBC and other agencies involving in project/program evaluation attended two orientation seminars and the performance evaluation training program. The seminars proved to be an effective method to familiarize and sensitize senior officials regarding the importance of performance evaluation as a useful management and planning tool. Two major reports were prepared by the consultants, viz., Postevaluation Training Manual and Performance Evaluation Systems Study. The training manual provides appropriate evaluation methodologies, procedures, and management aspects of conducting evaluation. The two senior officers who attended the on-the-job training at the Bank's Post-Evaluation Office had benefited in broadening their perspectives and experience on project evaluation and various aspects of Bank's evaluation work. The report on Performance Evaluation System contained recommendations on development of performance evaluation systems in PRC which were well received by PBC. The contents and scope of the report were considered comprehensive and appropriate. A PEIS was effectively installed at PBC which is currently being used not only for feedback of postevaluation findings but also for monitoring of on-going projects. The TA has assisted in improving and strengthening the capabilities of PBC in project performance evaluation. Other agencies (such as State Audit Administration, China National Audit Office, State Planning Commission, State Development Bank, China International Engineering Consulting Corporation, etc.) which participated in the seminars and training programs also benefited in strengthening their project performance evaluation capabilities.

## **OVERALL ASSESSMENT/RATING**

The TA was successful in achieving its objectives and contributed to strengthening PBC's staff capacity in project performance evaluation and project monitoring. It has also increased the level of awareness among management and senior officials in key agencies about the importance of performance evaluation and feedback system as a management and planning tool. Overall, implementation of the TA is considered generally successful.

## **MAJOR LESSONS LEARNED**

The lessons learned from this TA include: (i) in the design of TA, greater flexibility should be provided to accommodate policy changes and unforeseen circumstances during implementation. The TOR for the TA was initially formulated with active participation from PBC. However, during implementation, PBC decided that the TOR for recommendation to set up an evaluation unit within PBC was not in line with their current organizational needs. The TOR was subsequently modified to provide recommendations for the development of performance evaluation systems; (ii) the duration of international consultant input should take into account the country's procedural requirements and language constraints. The international consultant was provided with one person-month to accomplish a complex assignment as outlined in the TOR. Initial teething problems were experienced by the consultant as he was not able to gain access to all the documents and translations in a timely manner due to the need to comply with local practices and procedures and this put him in a high stress situation. The provision of consulting input should be commensurate not only with the TOR but also should take into account the anticipated difficulties associated with the local conditions; and (iii) the time frame for implementing the on-the-job training program should be realistic to avoid delay in TA implementation.

## **FOLLOW-UP ACTION AND RECOMMENDATION**

As a follow up, PBC requested Bank's assistance to further strengthen the evaluation capacity of PRC in project/program evaluation and assist in setting up a performance evaluation system for the Central Government involving all agencies with evaluation responsibilities. A TA to this effect was approved by Bank in July 1997 (TA No. 2821-PRC).

The PEIS which was set up in PBC is being used for project/program performance evaluation and monitoring of on-going projects. Bank should continue to monitor its usage to ensure that the system meets the needs of PBC. The Bank should also obtain feedback from the trainees on the usefulness of the training program conducted under the TA. These should be followed up during the administration of the ongoing TA (No. 2821-PRC) on Strengthening of Evaluation Capacity in the PRC.